

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Telecommunications Access)
Corporation)
) No. 10-_____
Petition for annual line charge)
determination pursuant to 83 Ill.)
Adm. Code 755.500.)

PETITION

To the Commission:

Pursuant to 83 Ill. Adm. Code 755, Subpart F, the Illinois Telecommunications Access Corporation ("ITAC" or "Company") hereby submits its 2010 annual line charge filing, and respectfully requests that the Commission determine and establish the charge to be applied to each line of Illinois telephone subscribers, to fund the telecommunications access programs mandated by Section 13-703 of the Illinois Public Utilities Act, 220 ILCS 5/13-703 ("Act"). Specifically, ITAC requests that the Commission enter an order maintaining the line charge at 8 cents per subscriber line. Pursuant to 83 Ill. Adm. Code 755.10, effective June 1, 2004, the order should also maintain the centrex charge at 1.6 cents per centrex line, and the PBX charge at 40 cents per PBX trunk. If the Commission's order maintains the current line charges, telecommunications carriers will not need to file new tariffs.

In support of this petition, ITAC states as follows:

1. ITAC is a not-for-profit corporation formed by all Illinois local exchange telecommunications carriers ("LECs" or "carriers"), pursuant to the authorization and direction of the Commission, to implement the programs mandated under Section 13-703. These programs include distribution of TTYs, amplified telephones, and other assistive

telecommunications devices to persons with hearing and speech disabilities, and provision of a telecommunications relay service, which provides a means for individuals using a TTY or other telecommunications device to communicate over the telecommunications network with a hearing or speaking individual. Pursuant to 83 Ill. Adm. Code 755.105(d), all Illinois LECs, including mutual telephone companies and resellers, are required to be members of ITAC.

2. Section 13-703 of the Act provides:

The Commission shall establish a rate recovery mechanism, authorizing charges in an amount to be determined by the Commission for each line of a subscriber to allow telecommunications carriers providing local exchange service to recover costs as they are incurred under this Section.

3. The Commission first established the subscriber line charge, at the then-statutory maximum amount of 3 cents per subscriber line and 0.3 cents per centrex line, in an order dated December 11, 1985, in Docket No. 85-0502. In recognition of the insufficiency of the 3 cent line charge, the General Assembly amended Section 13-703(c), effective January 1, 1989, by removing the 3 cent cap on the line charge.

4. In February, 1991, ITAC petitioned the Commission to increase the subscriber line charge. On October 2, 1991, the Commission entered an Order in Docket No. 91-0141, increasing the subscriber line charge from 3 cents to 11 cents and the centrex charge from 0.3 cents to 1.1 cent.

5. On December 9, 1991, pursuant to Section 13-703(c) of the Act, the Commission adopted a resolution initiating a general rulemaking proceeding, Docket No. 91-0587, to establish a simplified mechanism for determining and establishing an appropriate subscriber line charge to recover the costs of implementing the programs mandated by Section 13-703. The Commission entered its final order on March 25, 1993, which adopted Subpart F

of 83 Ill. Adm. Code 755 effective March 31, 1993, establishing a simplified annual line charge proceeding.

6. On April 1, 1993, ITAC filed a verified petition pursuant to the new 83 Ill. Adm. Code 755, Subpart F. On May 5, 1993, the Commission entered an order in Docket No. 93-0103 establishing the line charge at the level of 15 cents per subscriber line and 1.5 cents per centrex line.

7. On March 31, 1994, ITAC filed its 1994 line charge petition, requesting a decrease in the line charge. On May 4, 1994, the Commission entered an order in Docket No. 94-0126 establishing the line charge at 14 cents per subscriber line and 1.4 cents per centrex line.

8. On March 30, 1995, ITAC filed its 1995 line charge petition, requesting a decrease in the line charge from 14 cents to 8 cents per subscriber line. On May 3, 1995, the Commission entered an order in Docket No. 95-0142, establishing the line charge at 8 cents per subscriber line and 0.8 cents per centrex line. ITAC's 1995 line charge reflected a significantly reduced level of expenses, primarily as a result of the termination of ITAC's original "cost-plus-margin" telecommunications relay service contract and the commencement of a new contract with AT&T for provision of telecommunications relay service through a regional center at a fixed price per minute of use. That contract was approved by the Commission on December 7, 1994 in Docket No. 94-0297.

9. On March 29, 1996, ITAC filed its 1996 line charge petition, requesting a decrease in the line charge from 8 cents to 7 cents per subscriber line. On May 8, 1996, the Commission entered an order in Docket No. 96-0163, establishing the line charge at 7 cents per subscriber line and 0.7 cents per centrex line.

10. On March 31, 1997, ITAC filed its 1997 line charge petition, requesting an increase in the line charge from 7 cents to 8 cents per subscriber line. On May 7, 1997, the Commission entered an order in Docket No. 97-0154, establishing the line charge at 8 cents per subscriber line and 0.8 cents per centrex line.

11. On March 31, 1998, ITAC filed its 1998 line charge petition, requesting that the line charge remain at 8 cents per subscriber line. On May 6, 1998, the Commission entered an order in Docket No. 98-0250, maintaining the line charge at 8 cents per subscriber line and 0.8 cents per centrex line.

12. On March 31, 1999, ITAC filed its 1999 line charge petition, requesting that the line charge be decreased from 8 cents to 6 cents per subscriber line. On May 5, 1999, the Commission entered an order in Docket No. 99-0182, establishing the line charge at 6 cents per subscriber line and 0.6 cents per centrex line.

13. On March 31, 2000, ITAC filed its 2000 line charge petition, requesting that the Commission increase the line charge by 4 cents, from 6 to 10 cents per subscriber line. The Commission entered an order in Docket No. 00-0258 on May 10, 2000, establishing the line charge at 10 cents per subscriber line and 1.0 cent per centrex line.

14. On March 30, 2001, ITAC filed its 2001 line charge petition, requesting that the Commission decrease the line charge by 7 cents, from 10 cents to 3 cents per subscriber line. The Commission entered an order in Docket No. 01-0300 on May 11, 2001, establishing the line charge at 3 cents per subscriber line and 0.3 cents per centrex line.

15. On April 1, 2002, ITAC filed its 2002 line charge petition, requesting that the Commission increase the line charge by 7 cents, from 3 cents to 10 cents per subscriber line.

The Commission entered an order in Docket No. 02-0238 on May 8, 2002, establishing the line charge at 10 cents per subscriber line and 1.0 cents per centrex line.

16. On March 31, 2003, ITAC filed its 2003 line charge petition, requesting that the Commission decrease the line charge by 2 cents, from 10 cents to 8 cents per subscriber line. The Commission entered an order in Docket No. 03-0213 on May 7, 2003, establishing the line charge at 8 cents per subscriber line and .8 cents per centrex line.

17. On March 31, 2004, ITAC filed its 2004 line charge petition, requesting that the Commission decrease the line charge by one cent, from 8 cents to 7 cents per subscriber line. In addition, as a result of amendments to 83 Ill. Adm. Code 755.10 promulgated in Docket No. 03-0357, ITAC requested that the Commission establish the centrex charge at 1.4 cents per centrex line and the PBX charge at 35 cents per PBX trunk. The Commission entered an order in Docket No. 04-0309 on May 5, 2004, establishing the line charge at 7 cents per subscriber line, 1.4 cents per centrex line, and 35 cents per PBX trunk.

18. On April 1, 2005, ITAC filed its 2005 line charge petition, requesting that the Commission increase the line charge by one cent, from 7 cents to 8 cents per subscriber line. ITAC also requested, pursuant to 83 Ill. Adm. Code 755.10, that the Commission establish the centrex charge at 1.6 cents per centrex line and the PBX charge at 40 cents per PBX trunk. The Commission entered an order in Docket No. 05-0232 on May 4, 2005, establishing the line charge at 8 cents per subscriber line, 1.6 cents per centrex line, and 40 cents per PBX trunk.

19. On March 31, 2006, ITAC filed its 2006 line charge petition, requesting that the Commission maintain the line charge rate at 8 cents per subscriber line, 1.6 cents per

centrex line, and 40 cents per PBX trunk. The Commission granted ITAC's petition in Docket No. 06-0266 on May 3, 2006.

20. On March 30, 2007, ITAC filed its 2007 line charge petition. ITAC's petition requested that the Commission decrease the line charge by 2 cents, from 8 cents to 6 cents per subscriber line. ITAC also requested that the Commission decrease the line charge to 1.2 cents per centrex line and 30 cents per PBX trunk. On June 12, 2007, the Commission granted ITAC's petition in Docket No. 07-0231.

21. On April 1, 2008, ITAC filed its 2008 line charge petition, requesting that the Commission maintain the line charge at 6 cents per subscriber line, 1.2 cents per centrex line and 30 cents per PBX trunk. The Commission granted ITAC's petition on May 7, 2008, in Docket No. 08-0246.

22. On March 31, 2009, ITAC filed its 2009 line charge petition, requesting that the Commission increase the line charge by 2 cents, from 6 cents to 8 cents per subscriber line. ITAC also requested that the Commission increase the line charge to 1.6 cents per centrex line and 40 cents per PBX trunk. The Commission granted ITAC's petition on May 13, 2009, in Docket No. 09-0182.

23. ITAC projects total relay service expenses of \$3,036,827 for 2010 [Schedule A-3, line 8, col. C], as compared to actual relay expenses of \$3,294,512 in 2009 [Schedule B, p. 3]. The projected relay expense for 2010 is based on an estimate of the average call length applied to anticipated call volumes and contracted cost per minute amounts, for both standard telecommunications relay service and CapTel captioned relay service. The estimates of average call length are based in part on actual data from 2009. ITAC's 2010 TRS expense projections reflect an estimated 20.75% decrease in traditional relay call volumes and an 8-

cent-per-conversation-minute decrease in TRS costs beginning Feb. 1, 2010, offset by a small projected increase in the length of traditional relay calls, a projected increase of 11.0% in the volume of captioned telephone service, and an increase, effective February 1, 2010, in the contractual price of CapTel service.

24. The FCC required that all TRS be accessed via 7-1-1 by October, 2001. ITAC and its TRS vendor, Sprint, successfully implemented 7-1-1 access prior to the required date. As required by the FCC, ITAC's 2010 projections include educational and promotional expenses to continue to inform the public of the 7-1-1 service.

25. On December 17, 2003, in Docket No. 03-0357, the Commission entered its final order approving amendments to 83 Ill. Adm. Code 755. Among other things, these amendments require ITAC to implement a voucher program for the distribution of assistive telecommunications equipment, and permit ITAC to offer a wider range of equipment than in the past. Accordingly, ITAC's 2010 projections contain equipment-related expenditures of approximately \$799,400 to purchase TTYs, signalers, and amplified telephones for the voucher program [Schedule D, p. 4]. The 2010 projections reflect increased administrative and distribution and maintenance expenses as compared to actual 2009 expenses as a result of the continued growth of the amplified telephone and TTY voucher programs planned for 2010 and the exchange of the amplified telephones distributed in 2006 or earlier, as provided in ITAC's tariff.

26. The line charge methodology of 83 Ill. Adm. Code 755.500 ensures, among other things, that ITAC maintains a sufficient, but not excessive, cash balance. This cash balance provision of the Commission's rule is critical in light of the unique status of ITAC:

ITAC, unlike public utilities, has no retained earnings, and no alternative means of raising capital. Moreover, because public

utilities regulated by this Commission charge per unit of service, greater-than-projected usage of utility services results in increased revenue as well as expenses. In contrast, the subscriber line charge, which is ITAC's principal funding source, does not produce increased revenue when usage increases.

In re: Establishment of a cost recovery mechanism for programs required by Section 13-703 of the Public Utilities Act, Docket No. 91-0587 (Oct. 21, 1992).

27. As a result of the mechanics of 83 Ill. Adm. Code 755.500, year-to-year fluctuations in the level of the line charge are typical. This is because the line charge mechanism (see Schedule A-1) provides a refund to telephone subscribers for amounts collected in excess of ITAC's projected net expenses, adjusted for prior year losses and an allowance for cash balance. Likewise, the mechanism requires increases if projected revenues do not cover expenses plus provide an adequate cash balance. For 2010, the line charge mechanism requires no change in the subscriber line charge, as a result of the current level of ITAC's cash balance, the significant reduction in the TRS cost per minute beginning February 1, 2010 negotiated by ITAC, and the projected continued decrease in TRS minutes of use.

28. The line charge methodology of Section 755.500 was enacted 17 years ago. Since that time, ITAC has operated without requesting emergency or interim adjustments to the line charge (pursuant to Section 755.520), and without curtailing programs or services for budgetary reasons. During that period, the line charge has ranged from 3 cents to 15 cents per subscriber line, averaging 8.24 cents over the 17 years. However, that cost could rise in the next few years, if the Federal Communications Commission ("FCC") allocates some costs of Internet-based relay services to the states. Currently, the FCC encourages relay providers to offer Video Relay Services ("VRS"), Internet Protocol ("IP") relay, and IP Captioned Telephone Relay Services ("IP CTS"). In each of these services, the user connects to a

Communications Assistant (“CA”) through the Internet rather than the public switched telephone network (“PSTN”). The second leg of the relay service, from the CA to the called party, travels over the PSTN. See In the Matter of Telecommunications Relay Services..., CG Docket No. 03-123, FCC 06-182 (1/11/07) ¶¶ 5, 6, 13, 14. All such calls are presently compensated through the Interstate TRS Fund, which is administered by NECA. Id. At 25. These forms of TRS are presently not mandatory. However, the FCC stated in 2007 that it would revisit the cost recovery of Internet-based TRS, “including jurisdictional separations of costs,” as well as whether such services should be mandatory. Id., ¶ 25 and fn. 80; see also In the Matter of Telecommunications Relay Services, CG Docket No. 03-123, FCC 06-106 (7/20/06). If the FCC determines that some of the costs of Internet-based TRS should be allocated to the states, the impact on ITAC’s line charge could be significant. In addition, the trend of increased usage of CapTel service could impact ITAC’s line charge in the future. In the last several years, the expenses for CapTel service have been increasing, while the expenses for traditional TRS have been decreasing in Illinois, to the point that CapTel expenses are projected to exceed TRS costs in 2010.

29. In addition, ITAC’s line charge is impacted by the decline in subscriber lines in Illinois. ITAC’s line charge calculation spreads its projected operating costs (net of revenue) over all landline subscriber lines in Illinois. There has been a significant decrease in the number of Illinois subscriber lines over time. In December, 1999, there were 7.6 million subscriber lines, compared to 6.3 million in December, 2008 and 5.6 million subscriber lines in December, 2009. ITAC projects 5,166,931 subscriber lines at the end of 2010. This continued decline in subscriber lines puts upward pressure on ITAC’s line charge. While the impact on the line charge has been mitigated by the requirement that ITAC use a three-year

historical average in projecting its subscriber lines, the continuing decline in subscriber lines has had, and will continue to have, an impact on the charge per line to fund ITAC's programs.

30. Attached hereto, as Schedules A-1 through A-12, are the schedules for the projection period (January 1, 2010 through December 31, 2010), as required by 83 Ill. Adm. Code 755.500(a)(5), in the format required by Section 755.Exhibit A through Section 755.Exhibit L.

31. Attached hereto, as Schedule B, are ITAC's audited financial statements, as of December 31, 2009, as required by 83 Ill. Adm. Code 755.500(a)(1).

32. Attached hereto, as Schedules C-1 through C-3, are ITAC's projected statement of financial position (Schedule C-1), projected statement of activities (Schedule C-2), and projected statement of cash flows (Schedule C-3), as required by 83 Ill. Adm. Code 755.500(a)(2). The summary of significant projection assumptions and accounting policies for the projection period, which is also required by 83 Ill. Adm. Code 755.500(a)(2), (and which was labeled Schedule C-4 in 2002 and prior years) is now included in Schedule D.

33. Attached hereto, as Schedule D, is a statement from Sikich LLP, independent public accountants, that the projected statement of financial position and statements of activities and cash flows are presented in conformity with the guidelines for presentation of a projection established in the "Guide for Prospective Financial Information" by the American Institute of Certified Public Accountants, and that the underlying assumptions provide a reasonable basis for management's projections given the hypothetical assumptions, as required by 83 Ill. Adm. Code 755.500(a)(4). Schedule D also includes (on pages 6-10) a summary of significant projection assumptions and accounting policies for the projection period, as required by 83 Ill. Adm. Code 755.500(a)(2).

34. ITAC has prepared the attached Schedules A-1 through A-12 in conformity with the methodology required by 83 Ill. Adm. Code 755.500(b) through 755.500(e), as amended effective January 1, 2004 in Docket No. 03-0357. This methodology results in a determination that, under the projection assumptions utilized, the line charge required to fund the programs mandated by Section 13-703 of the Act for the period January 1, 2010 through December 31, 2010, is 8 cents per subscriber line. In Docket No. 03-0357, the Commission amended 83 Ill. Adm. Code 755.10, effective June 1, 2004, to provide that one subscriber line charge shall be applied for each five centrex lines and five charges shall be applied for each PBX trunk. Accordingly, the charge of 1.6 cents should be assessed per centrex line, and 40 cents per PBX trunk. Also effective June 1, 2004, pursuant to 83 Ill. Adm. Code 755.10, the charge for other multi-channel technologies is stated in ITAC's tariff, Ill.C.C. No. 3, original page 3.1, which provides that "charges for services provisioned by T-1 lines and other advanced services shall mirror the carrier's applications of 9-1-1 charges for bills issued on and after June 1, 2004. . ."

35. Within ten days of the date of filing of this petition, ITAC will cause notice of the filing to be published in the official state newspaper and in a secular newspaper in general circulation in Chicago and Springfield, as required by 83 Ill. Adm. Code 755.515(a).

36. If the Commission approves ITAC's request that the line charges be maintained at 8 cents per subscriber line, 1.6 cent per centrex line, and 40 cents per PBX trunk, it will not be necessary for ITAC's member carriers, including carriers that provide the resale of telecommunications services as defined in Section 13-211 of the Act, to file new tariffs.

WHEREFORE, ITAC respectfully requests that the Commission enter an order, pursuant to 83 Ill. Adm. Code 755.510, without a hearing:

- (a) maintaining the line charge under Section 13-703(c) of the Act at 8 cents per subscriber line;
- (b) pursuant to 83 Ill. Adm. Code Section 755.10, maintaining the centrex charge at 1.6 cents per centrex line;
- (c) pursuant to 83 Ill. Adm. Code Section 755.10, maintaining the PBX charge at 40 cents per PBX trunk; and
- (d) pursuant to Section 83 Ill. Adm. Code 755.10 and ITAC's tariff Ill.C.C. No. 3, original page 3.1, ordering that the charge for services provisioned by T-1 lines and other advanced services mirror each carrier's application of 9-1-1 charges.

Respectfully submitted,

ILLINOIS TELECOMMUNICATIONS ACCESS
CORPORATION

By: /s/ Christian F. Binnig
Christian F. Binnig
One of the attorneys for ITAC

Christian F. Binnig
Mayer Brown LLP
71 S. Wacker Dr.
Chicago, IL 60606-4637
(312) 782-0600

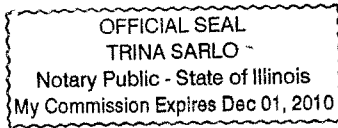
Barbara E. Cohen
7428 Anton Cir. NE
Albuquerque, NM 87122
(505) 856-1231

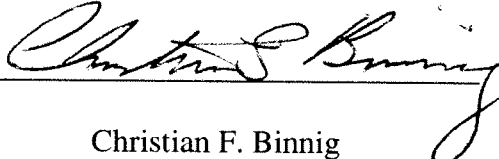
March 30, 2010

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

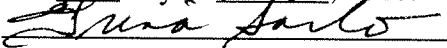
VERIFICATION

Christian F. Binnig, being first duly sworn, states that he is one of the attorneys for the Illinois Telecommunications Access Corporation, that he has read the attached and foregoing Petition, and that the facts and matters set forth therein are true to the best of his knowledge and belief.




Christian F. Binnig

Subscribed and sworn to before me
this 30th day of March, 2010.


Notary Public

My Commission expires: December 01, 2010